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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**


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**If you are in any doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Luen Thai Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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 **Luenthai**  
**LUEN THAI HOLDINGS LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 311)**

*Executive Directors:*

Tan Siu Lin (*Chairman*)  
Tan Henry  
Tan Cho Lung, Raymond  
Tan Sunny  
Mok Siu Wan, Anne

*Head office and principal place of business:*

5th Floor  
Nanyang Plaza  
57 Hung To Road  
Kwun Tong  
Kowloon  
Hong Kong

*Non-executive Director:*

Tan Willie

*Independent Non-executive Directors:*

Chan Henry  
Cheung Siu Kee  
Seing Nea Yie

30 April 2007

*To the shareholders of Luen Thai Holdings Limited*

Dear Sir or Madam,

**NOTICE OF ANNUAL GENERAL MEETING  
AND  
PROPOSALS FOR GENERAL MANDATES TO ISSUE AND  
REPURCHASE SHARES**

On 26 May 2006, resolutions were passed by shareholders of the Company giving general unconditional mandates to the directors of the Company to:

- (a) allot, issue and otherwise deal with additional shares of the Company not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at 26 May 2006;

- (b) repurchase shares not exceeding 10% of the aggregate nominal value of the shares in issue as at 26 May 2006; and
- (c) add to the general mandate for issuing shares of the Company set out in (a) above the number of shares repurchased by the Company pursuant to the Repurchase Mandate set out in (b) above.

The above general mandates will expire at the conclusion of the 2007 annual general meeting, unless renewed at that meeting. The purpose of this circular is to provide you with the information on the proposals for:

- (a) general mandate to issue new shares (“Issue Mandate”)
- (b) general mandate to repurchase shares (“Repurchase Mandate”)
- (c) extension of the Issue Mandate to the number of shares which are repurchased pursuant to the Repurchase Mandate

Resolutions will therefore be proposed at the 2007 annual general meeting of the Company (“2007 Annual General Meeting”) to be held at Room 1004, 10/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on 29 May 2007 at 2:30 p.m.

Subject to the passing of the relevant ordinary resolutions regarding the Issue Mandate and on the basis that no further shares are issued and repurchased prior to and after the 2007 Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 198,500,000 shares.

## **LISTING RULES**

In accordance with the requirements set out in the Listing Rules, the Company is required to send to shareholders an explanatory statement containing requisite information to consider the Repurchase Mandate subject to certain restrictions, which are summarized below:

## **SHAREHOLDERS’ APPROVAL**

The Listing Rules provide that all repurchase of securities by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

## **SHARE CAPITAL**

As at 24 April 2007, being the latest practicable date prior to the printing of this circular (“Latest Practicable Date”), the issued share capital of the Company comprised 992,500,000 shares.

Subject to the passing of the relevant ordinary resolutions and on the basis that no further shares are issued and repurchased prior to the 2007 Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 99,250,000 shares.

## **REASONS FOR REPURCHASE**

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from shareholders to enable the Company to repurchase shares in the market. Repurchase of shares will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders.

Such repurchase may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share.

#### **FUNDING OF REPURCHASE**

Any repurchase will only be funded out of funds of the Company legally available for the purpose of making the proposed purchases in accordance with the Memorandum of Association and Articles of Association and the laws of the Cayman Islands.

#### **EFFECT OF EXERCISING THE REPURCHASE MANDATE**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the Company's audited accounts for the year ended 31 December 2006) in the event that the repurchase of shares were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the repurchase of shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### **DISCLOSURE OF INTERESTS**

None of the Directors and, to the best of their knowledge having made all reasonable enquiries, none of their respective associates, have any present intention, if the Repurchase Mandate is approved by shareholders, to sell any shares to the Company or its subsidiaries.

#### **DIRECTOR'S UNDERTAKING**

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

#### **TAKEOVERS CODE CONSEQUENCES**

If as a result of a repurchase of shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be deemed to be an acquisition for the purposes of the Takeovers Code. As a result, a shareholder, or a group of shareholders acting in concert, depending on the level of increase in the shareholder's interests, may obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Capital Glory Limited, a company beneficially owned by Helmsley Enterprises Limited which is itself held by a number of trusts (details of which are disclosed in the Prospectus of the Company dated 30 June 2004), was the beneficial owner of 614,250,000 shares representing approximately 61.89% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase shares pursuant to the Repurchase Mandate, then the shareholding of Capital Glory Limited would be increased to approximately 68.77%. In the opinion of the Directors, such increase will not give rise to a mandatory offer in accordance with Rule 26 of the Takeovers Code.

#### **SHARE REPURCHASE MADE BY THE COMPANY**

No repurchase of shares has been made by the Company during the six months immediately preceding the Latest Practicable Date, whether on the Stock Exchange or otherwise.

## CONNECTED PERSON

No Connected Person has notified the Company that it has a present intention to sell shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the shareholders.

## SHARE PRICES

The highest and lowest prices at which the shares were traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

	share prices	
	Highest HK\$	Lowest HK\$
<b>2006</b>		
April	2.6500	2.1750
May	2.3250	1.9600
June	1.9900	1.7800
July	1.9700	1.7900
August	1.8500	1.1900
September	1.4200	1.1600
October	1.4500	1.3000
November	1.2900	1.2100
December	1.2800	1.1500
<b>2007</b>		
January	1.3800	1.1500
February	1.3000	1.2000
March	1.2800	1.1500

## RE-ELECTION OF DIRECTORS AT THE ANNUAL GENERAL MEETING

In accordance with the Articles of Association of the Company, the retiring Directors at the 2007 Annual General Meeting are Ms Mok Siu Wan, Anne, Mr Cheung Siu Kee and Mr Seing Nea Yie. Details of the above Directors which are required to be disclosed by the Listing Rules are set out in Appendix to this circular.

## THE AGM

The Notice convening the 2007 Annual General Meeting is set out on pages 8 to 10 of this circular.

The Annual Report incorporating the audited consolidated financial statements of the Company for the year ended 31 December 2006 and the Directors' and auditors' reports thereon are dispatched to shareholders together with this circular.

A form of proxy for use at the 2007 Annual General Meeting is enclosed with this circular. Whether or not they intend to attend the meeting, shareholders are requested to complete and return the form of proxy to **Computershare Hong Kong Investor Services Limited at Room 1806-7, 18th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong** not less than 48 hours before the 2007 Annual General Meeting. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the 2007 Annual General Meeting should shareholders so desire.

## **PROCEDURE BY WHICH A POLL MAY BE DEMANDED**

Under Article 66 of the Articles of Association, at any general meeting on a show of hands every shareholder present in person (or being a corporation, is present by a duly authorized representative), or by proxy shall have one vote and on a poll every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder.

A resolution put to the vote on a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of such meeting; or
- (ii) by at least three shareholders present in person or in the case of a shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a shareholder or shareholders present in person or in the case of a shareholder being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; or
- (iv) by a shareholder or shareholders present in person or in the case of a shareholder being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

## **RECOMMENDATION**

The Directors consider that (i) the Issue Mandate (ii) the Repurchase Mandate and (iii) the extension of the Issue Mandate to the number of shares which are repurchased pursuant to the Repurchase Mandate are in the interests of the Company and its shareholders as a whole and accordingly the Directors, together with their associates, intend to vote in favour of the relevant resolutions in respect of their respective shareholdings in the Company and recommend shareholders to vote in favour of such relevant resolutions to be proposed at the 2007 Annual General Meeting.

Yours faithfully,  
**Tan Siu Lin**  
*Chairman*

**Ms MOK Siu Wan, Anne**, aged 54, is the Executive Vice President of the Group and the Managing Director of Fashion Division. She joined the Group in 2003. She is an accomplished industry professional with years of experience in key executive and board member positions out of which over 20 years were spent within various management positions within the Swire Group Companies. She also held senior management positions with other large companies including Pentland Group plc, an international group which develops and owns some leading brands in the sports and fashion business, and Li & Fung Limited. She graduated with a Bachelor's degree in Arts from the University of Hong Kong and has attended the management programmes organized by Harvard University, Tsinghua University and INSEAD Euro-Asia Centre. She was a member of the Board of Governors for the American Chamber of Commerce in Hong Kong from 1998 to 2003 and the Chairman of the Textiles Committee for the American Chamber of Commerce in Hong Kong in 1996 and 1997.

Other than disclosed herein, Ms Mok has not held any directorships in any listed companies in the past three years and does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Ms Mok holds an option to subscribe for 1,450,000 shares in the issued share capital of the Company. Such interests are required to notify the Stock Exchange pursuant to Part XV of the Securities and Future Ordinance.

Ms Mok has not entered into a service contract with the Company as an Executive Director. The remuneration payable to Ms Mok including fixed monthly salary, bonus and all reasonable out-of-pocket expenses. Increase in fixed monthly salary will be determined by the Board from time to time in its absolute discretion. In addition, Ms Mok is entitled to a bonus equivalent to one month's salary on or around each Chinese New Year falling after the anniversary of the commencement date. Ms Mok is also eligible for consideration of annual discretionary bonus which shall be of such amount as the Board may determine based on her performance. The Company has made contribution to mandatory provident fund in accordance with the applicable legal requirement. Ms Mok's remuneration was determined by reference to the prevailing market condition and her knowledgeable experience for the industry.

There is no information relating to Ms Mok that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor are there other matters that need to be brought to the attention of the shareholders of the Company.

**Mr CHEUNG Siu Kee**, aged 63, is an independent non-executive Director and a member of both the Audit Committee and the Remuneration Committee of the Company. Mr Cheung joined the Group in 2004. Mr Cheung has extensive experience in the financial industry. He was the Group Treasurer of Nam Tai Electronic, Inc. from 2004 to 2005. Mr Cheung had also worked for The Hongkong and Shanghai Banking Corporation Limited in Hong Kong for 37 years when he retired in 2003 as a Senior Executive in the Corporate and Institutional Banking division. Mr Cheung obtained his Bachelor's degree of Arts from the University of Hong Kong.

Other than disclosed herein, Mr Cheung has not held any directorships in any other listed companies in the past three years and has not previously held any position with the Company or its subsidiaries. Mr Cheung does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr Cheung has no interest in the issued share capital of the Company within the meaning of Part XV of the Securities and Future Ordinance.

Mr Cheung had entered into a letter of re-appointment with the Company for a term of 3 years commencing from 16 April 2007, with a director's fee of HK\$120,000 per annum. His director's fee has been determined by reference to the level of remuneration for non-executive directors of Hong Kong listed companies and the demand of the Company on Mr Cheung's attention as its non-executive director.

There is no information relating to Mr Cheung that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor are there other matters that need to be brought to the attention of the shareholders of the Company.

**Mr SEING Nea Yie**, aged 59, is an independent non-executive Director and Chairman of both the Audit Committee and the Remuneration Committee of the Company. He joined the Company in 2005. Mr Seing is the senior partner of both accounting firms Messrs Chan, Seing & Co. and Messrs Chen Yih Kuen & Co. Certified Public Accountants. Mr Seing has over 32 years of audit experience and is currently holding CPA (Practising) at Hong Kong Institute of Certified Public Accountants. Mr Seing is an active contributor to the charity activities in the community. He was the Director of Po Leung Kuk, an authorized charity organization in Hong Kong, from 1987 to 1990 and became the Vice Chairman in 1990 and 1991. Mr Seing was also a member of audit committee of Po Leung Kuk from 1996 to 2000. Currently, Mr Seing is the honorary president of The Fukienese Association Limited.

Other than disclosed herein, Mr Seing has not held any directorships in any other listed companies in the past three years and has not previously held any position with the Company or its subsidiaries. Mr Seing does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable date, Mr Seing has no interest in the issued share capital of the Company within the meaning of Part XV of the Securities and Future Ordinance.

Mr Seing had entered into a letter of appointment with the Company for a term of 3 years commencing from 28 January 2005. Mr. Seing's director fee is HK\$120,000 per annum which has been determined by reference to the level of remuneration for non-executive directors of Hong Kong listed companies and the demand of the Company on Mr Seing's attention as its non-executive director.

There is no information relating to Mr Seing that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor are there other matters that need to be brought to the attention of the shareholders of the Company.



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## NOTICE OF ANNUAL GENERAL MEETING

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### LUEN THAI HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 311)**

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of Luen Thai Holdings Limited (the “Company”) will be held at **Room 1004, 10/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on 29 May 2007 (Tuesday) at 2:30 p.m.** for the following purposes:

1. To receive and consider the audited consolidated accounts and the reports of the directors and of the auditors for the year ended 31 December 2006;
2. To re-elect retiring directors and authorize the directors to fix their remuneration;
3. To re-appoint PricewaterhouseCoopers as auditors of the Company and to authorize the directors to fix their remuneration;
4. To consider as special business, and if thought fit, to pass the following resolution as Ordinary Resolution:

**“THAT:**

- (A) subject to paragraph (C) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to issue, allot and dispose of additional shares in the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby approved generally and unconditionally;
- (B) the approval in paragraph (A) above shall be in addition to any other authorization given to the directors of the Company and shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (C) the aggregate nominal amount of share capital issued, allotted and disposed of, or agreed conditionally or unconditionally to be issued, allotted and disposed of (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (A) of this Resolution, otherwise than pursuant to:
  - (i) a Rights Issue; or
  - (ii) the share option scheme of the Company approved by The Stock Exchange of Hong Kong Limited; or



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## NOTICE OF ANNUAL GENERAL MEETING

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- (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares pursuant to the Articles of Association of the Company from time to time,

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval shall be limited accordingly; and

for the purpose of this Resolution:–

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required either by any applicable laws or by the Articles of Association of the Company to be held; and
- (iii) the date upon which the authority set out in this Resolution is revoked or varied by way of an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to the holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares, subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange, in any territory outside Hong Kong.”

- 5. To consider as special business, and if thought fit, to pass the following resolution as an Ordinary Resolution:

“THAT:

- (A) subject to paragraph (B) below, the exercise by the directors of the Company during the Relevant Period of all powers of the Company to repurchase issued shares in the capital of the Company, in accordance with all applicable laws and the requirements set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby approved generally and unconditionally;
- (B) the aggregate nominal amount of shares authorised to be repurchased or agreed conditionally or unconditionally to be repurchased by the directors of the Company pursuant to the approval in paragraph (A) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution, and the said approval shall be limited accordingly; and

for the purpose of this Resolution:

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## NOTICE OF ANNUAL GENERAL MEETING

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“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next Annual General Meeting of the Company;
  - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required either by any applicable laws or by the Articles of Association of the Company to be held; and
  - (iii) the date upon which the authority set out in this Resolution is revoked or varied by way of an ordinary resolution of the shareholders in general meeting.”
6. To consider as special business, and if thought fit, to pass the following resolution as an Ordinary Resolution:

“**THAT** conditional upon the passing of Ordinary Resolutions numbered 4 and 5 as set out in the Notice convening this meeting, the aggregate nominal amount of the number of shares in the capital of the Company that shall have been repurchased by the Company after the date thereof pursuant to and in accordance with the said Ordinary Resolution 5 shall be added to the aggregate nominal amount of share capital that may be allotted, issued and disposed of or agreed conditionally or unconditionally to be allotted and issued by the directors of the Company pursuant to the general mandate to allot and issue shares granted to the directors of the Company by the said Ordinary Resolution 4.”

By order of the Board  
**Tan Siu Lin**  
*Chairman*

Hong Kong, 30 April 2007

*Notes:*

- i. A member entitled to attend and vote at the meeting convened is entitled to appoint another person(s) as his proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- ii. To be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at **Computershare Hong Kong Investor Services Limited at Rooms 1806-7, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong** not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the meeting or any adjournment thereof should he so wish.
- iii. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names and stand in the Register of Members of the Company in respect of the joint shareholding.
- iv. A circular containing details regarding resolutions no. 4 to 6 will be sent to shareholders of the Company together with the 2006 Annual Report.

As at the date of this notice, the Board comprises Mr Tan Siu Lin (Chairman), Mr Tan Henry, Mr Tan Cho Lung, Raymond, Mr Tan Sunny and Ms Mok Siu Wan, Anne as executive directors; Mr Tan Willie as non-executive director; Mr Chan Henry, Mr Cheung Siu Kee and Mr Seing Nea Yie as independent non-executive directors.